

6127
RECEIVED
LEGISLATIVE AUDITOR
2001 JAN -2 AM 11:31

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.

Financial Statements, Accountant's Compilation Report, and Independent Accountant's
Report on Applying Agreed-Upon Procedures
Year Ended June 30, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate officials. The report is available for public inspection at the Division of Legislative Services and, where appropriate, at the office of the parish clerk of court.

Release Date 2-14-01

Kenneth J. Frahm, CPA, A.P.A.C.
Certified Public Accountants

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.
As of and for the year ended June 30, 2000

Table of Contents

ACCOUNTANT'S COMPILATION REPORT.....	02
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	03
Statement of Activities.....	04
Statement of Cash Flows.....	05
Notes to Financial Statements.....	06
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES:	
Report on agreed-upon procedures included in the <i>Louisiana Governmental Audit Guide</i>	10

KENNETH J. FRAHM, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
902 C.M. Fagan Dr., Suite B
Hammond, LA 70403
(504) 419-2101

ACCOUNTANT'S REPORT

To the Board of Directors
Tangipahoa Economic Development Foundation, Inc.
PO Box 639
Hammond, Louisiana 70404

I have compiled the accompanying statement of financial position of Tangipahoa Economic Development Foundation, Inc. (a nonprofit organization) as of June 30, 2000, and the related statement of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.


December 29, 2000

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2000

ASSETS:

Current Assets

Cash and cash equivalents:

Cash \$ 55,397

Certificates of Deposit 25,000

Total cash and cash equivalents 80,397

Total Current Assets \$ 80,397

Property, Plant, and Equipment

Office & other equipment 29,944

Total Property, Plant, and Equipment 29,944

Less: Accumulated depreciation (26,078)

Total Property, Plant, and Equipment 3,866

Total Assets \$ 84,263

LIABILITIES AND NET ASSETS:

Current Liabilities

Accounts payable \$ 404

Payroll taxes payable 1,290

Accrued salaries and related benefits 2,149

Total Current Liabilities \$ 3,843

Long Term Liabilities 0

Total Liabilities 3,843

Net Assets

Unrestricted 80,420

Total Net Assets 80,420

Total Liabilities and Net Assets \$ 84,263

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2000

SUPPORT AND REVENUE

Grants and contracts	\$ 52,421
Membership dues	44,834
Fund raising	8,049
Sublease	2,000
Miscellaneous	75
Interest	<u>1,807</u>

TOTAL SUPPORT AND REVENUE	<u>109,186</u>
---------------------------	----------------

EXPENSES

Advertising	3,099
Bank Charges	269
Banquet Cost	5,993
Depreciation	2,023
Dues and Subscriptions	677
Equipment Lease	2,651
Insurance	5,180
Meetings	64
Miscellaneous	123
Office Expense	3,470
Postage	2,592
Printing	10,859
Professional Fees	5,284
Rent	7,000
Repairs	528
Salaries & Related Expenses	68,339
Taxes, License, & Permits	47
Telephone & Internet Service	5,562
Travel & Development	<u>12,460</u>

TOTAL EXPENSES	<u>136,220</u>
----------------	----------------

DECREASE IN NET ASSETS	27,034
NET ASSETS AT BEGINNING OF YEAR	<u>107,454</u>
NET ASSETS AT END OF YEAR	<u>\$ 80,420</u>

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2000

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets	\$ (27,034)
Adjustments to reconcile increase in net asset to net cash provided by operating activities:	
Depreciation	2,023
(Increase) decrease in operating assets:	
Accounts Receivable	0
Increase (decrease) in operating liabilities:	
Accounts payable	(511)
Accrued payroll	(363)
Other accrued expenses	<u>(95)</u>
Net cash used by operating activities	<u>\$ (25,980)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Payment for property and equipment	\$ (1,885)
Net cash used by investing activities	<u>\$ (1,885)</u>
Net decrease in cash and cash equivalent	<u>\$ (27,865)</u>
Cash and cash equivalents – Beginning of year	<u>108,262</u>
Cash and cash equivalents – End of year	<u><u>\$ 80,397</u></u>

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.

Notes to Financial Statements

Year Ended June 30, 2000

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tangipahoa Economic Development Foundation, Inc. (the Organization) is a nonprofit organization, which is governed by a board of directors. The Organization was formed in July 1978 to promote the business interest of the Parish of Tangipahoa, Louisiana. The Organization is funded mainly through membership dues and state appropriations. They also receive funds from local fund raising activities, and donations from businesses and individuals. Consequently, the Organization's ability to earn revenue is affected by state governmental policies.

A. BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

B. CONTRIBUTIONS

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted support depending on the existence or nature of any donor restrictions. The Organization received services donated by various individuals. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116.

C. BASIS OF ACCOUNTING

The accompanying financial statements of Tangipahoa Economic Development Foundation, Inc. are being presented on the accrual basis of accounting as follows:

Revenues

Tangipahoa Economic Development Foundation, Inc. receives a substantial portion of its revenues from grants. Revenues from grants are

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION

Notes to Financial Statements (continued)

Year Ended June 30, 2000

reported in the period in which the revenue was earned. All other revenues are recorded when received.

Expenditures

Expenditures are recorded in the period they are incurred.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and interest bearing demand deposits. Cash also includes amounts in the petty cash fund. Cash and cash equivalents are stated at cost, which approximates market, and are insured through the Federal Deposit Insurance Corp. (FDIC).

E. PROPERTY, PLANT, AND EQUIPMENT

Property and equipment are carried at cost. Donations of property and equipment are recorded as support at their estimated fair market value. Property and equipment are depreciated using the straight-line method at rates based on the following estimated useful lives:

Computers	5 years
Vehicle	5 years
Equipment	7 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of an asset, the cost of the asset and the related accumulated depreciation are removed from the books. This resulting gain or loss is included in the statement of activities. Depreciation expense for the year ending June 30, 2000 is \$2,023.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.

Notes to Financial Statements (continued)

Year Ended June 30, 2000

G. INCOME TAXES

Tangipahoa Economic Development Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

H. VACATION AND SICK LEAVE

Full time employees earn vacation days as follows:

One Full Year	Five Days
Two through Ten Years	Ten Days
Over Ten Years	Fifteen Days

No more than 5 days of accrued vacation may be carried over to the following year. Any days over the five-day limit are forfeited. Any unused accrued annual leave is paid on an employee's termination if at least 10 working days notice is given.

All full time employees earn 4 hours of sick leave per month. No more than 40 hours can be accrued in a calendar year. A maximum of 40 hours can be carried to the following year. Pay in lieu of sick leave is not allowed. Any unused sick leave is forfeited upon termination. Therefore, no accruals for sick leave are reflected in these financial statements.

All full time employees will be given 1 day in the area and a maximum of 2 days out of the area of paid funeral leave. This is applicable only for the loss of a member of the immediate family—this includes spouse, children, grandparents, brothers, sisters, and grandchildren, as well as in-laws. In-laws are defined as your present spouse's (not prior spouse) immediate family.

An employee will also receive jury leave at his/her regular rate of pay if he/she notifies his/her immediate supervisor upon receiving a summons for jury duty and provides adequate proof of jury duty.

I. RETIREMENT SYSTEM

Employees of Tangipahoa Economic Development Foundation, Inc. participate in the Social Security System. Tangipahoa Economic Development Foundation, Inc. provides the matching portion of the Social Security contributions. Tangipahoa Economic Development Foundation, Inc. has no liability for any pension benefits.

TANGIPAHOA ECONOMIC DEVELOPMENT FOUNDATION, INC.

Notes to Financial Statements (continued)

Year Ended June 30, 2000

Effective July 1, 2000, Tangipahoa Economic Development Foundation, Inc. established a SIMPLE Plan whereby the Organization matches three percent of employee contributions.

2. CASH & CASH EQUIVALENTS

At June 30, 2000, Tangipahoa Economic Development Foundation, Inc. had cash and cash equivalents totaling

Operating Accounts	\$ 55,197
Petty Cash	200
Certificates of Deposit	<u>25,000</u>
Total	\$ <u>80,397</u>

For purposes of the statement of cash flows, the Organization considers the certificates of deposit to be cash equivalents.

As of June 30, 2000, the Organization has \$80,197 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

3. COMMITMENTS

As of June 30, 2000, Tangipahoa Economic Development Foundation, Inc. had the following leases. The first dated August 2, 1999, effective September 1999, for a term of one year with a monthly rental of \$600. A new lease was signed on August 22, 2000 effective September 1, 2000 with a monthly rental of \$600. These rentals are for the office space used by the Organization. The Organization also has a lease for a copy machine dated July 7, 1998, for a term of sixty months with a monthly rental of \$137. The minimum rentals on an annual basis for all leases are as follows:

Fiscal year ending 2001	\$ 7,644
Fiscal year ending 2002	2,844
Fiscal year ending 2003	1,644
Fiscal year ending 2004	0

KENNETH J. FRAHM, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
902 C.M. Fagan Dr., Suite B
Hammond, Louisiana 70403
(504) 419-2101

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Board of Directors
Tangipahoa Economic Development Foundation, Inc.
PO Box 639
Hammond, Louisiana 70404

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Tangipahoa Economic Development Foundation, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Tangipahoa Economic Development Foundation's compliance with certain laws and regulations during the year ended June 30, 2000 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Tangipahoa Economic Development Foundation, Inc.'s Louisiana State Appropriations for the fiscal year are as follows:

Grant Name	Type	Grant Year	CFDA No.	Amount
Act 20 of 1999	State	1999-2000	N/A	\$52,421.36
Total Expenditures				\$52,421.36

2. For each federal, state, and local award, I randomly selected six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements in total will be selected.
3. For the items selected in procedure 2, I traced the six disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and payee.

4. For the items selected in procedure 2, I determined if the six disbursements were properly coded to the correct fund and general ledger account.

Each of the six payments was properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, I determined whether the six disbursements received approval from the proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from two of the following officers: the President, First Vice President, Treasurer, or the Executive Director—as specified in the bylaws of Tangipahoa Economic Development Foundation, Inc. In addition, each of the disbursements was traced to the Tangipahoa Economic Development Foundation, Inc.'s minute book where they were approved by the full board.

6. For federal awards, determine whether the disbursements comply with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements comply with the grant agreement, relating to:

Activities allowed or unallowed

I reviewed the previously listed disbursements for types of services allowed or not allowed. Each of the six disbursements was in compliance with the grant agreement and met the goals of the program.

Reporting

I reviewed the appropriation agreement for reporting requirements. Tangipahoa Economic Development Foundation, Inc. has complied with said reporting requirements and has submitted a timely budget to the State of Louisiana Department of the Treasury.

7. For the programs selected for testing in item (2) that have been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

The six disbursements selected did not include any programs that were closed out during the period of our review.

Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Tangipahoa Economic Development Foundation, Inc. is only required to post a notice of each meeting and the accompanying agenda on the door of the Tangipahoa Economic Development Foundation, Inc.'s office building. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas in the minute book.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants, included specific goals and objectives and measures of performance.

Tangipahoa Economic Development Foundation, Inc. provided comprehensive budgets to the applicable state grantor agencies for the program mentioned previously. The budget specified the anticipated use of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. I reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

In the audit engagement for the year ended June 30, 1999, the auditors reported the following findings:

- a. Fidelity Bonds

It was noted in reviewing the insurance that fidelity bond coverage was not in effect during the fiscal year ending June 30, 1999. Due to the amount of money that is being handled by Tangipahoa Economic Development Foundation, Inc., it would appear that fidelity bond coverage would be appropriate. It was recommended that the officers of Tangipahoa Economic Development Foundation, Inc. meet with their insurance agent and look at the feasibility of getting coverage. Management felt it was a good idea and would look into the matter.

Tangipahoa Economic Development Foundation, Inc. has met with an insurance agent and has obtained fidelity bond coverage.

- b. Bank Deposits

It was noted during the audit of cash that Tangipahoa Economic Development Foundation, Inc. is maintaining a cash balance in excess of FDIC insurance, and has no pledged security agreement with the financial institution. It was recommended that Tangipahoa Economic Development Foundation, Inc. either moves the excess funds to another institution or obtains a pledged security agreement with the financial institution. Management was presently looking into moving some of the bank balances to a different financial institution and will monitor the deposits in the future to make certain that they do not have any uninsured deposits in either bank.

Tangipahoa Economic Development Foundation, Inc. has opened an additional operating account at another institution and has continued to monitor the deposits to make certain they do not have any uninsured deposits in either bank.

c. Bank Reconciliations

It was noted during the audit of cash that although the bank account is being reconciled to the checkbook each month, it is not being reconciled to the general ledger. The cash per the general ledger did not match the bank reconciliation form. It was recommended that the reconciliation be reconciled to the general ledger for each month that the reconciliation is prepared. Management responded that it would begin reconciling the checkbook to the general ledger each month, and have made arrangements with a CPA firm to go over the general ledger quarterly.

Tangipahoa Economic Development Foundation, Inc. has engaged a CPA firm to review bank reconciliations and go over the general ledger quarterly.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Tangipahoa Economic Development Foundation, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Kenneth J. Frahm
Hammond, Louisiana